

## **House Finance Special Subcommittee Studying Tax Preferences (HR 5004)**

September 28, 2004

The third meeting of the House Finance Special Subcommittee studying Tax Preferences was held on September 28, 2004 in Richmond. The main purpose of the meeting was to hold a public hearing to allow interested parties to present information and suggestions to the members about the numerous tax preferences found in Title 58.1 of the Code of Virginia. No action was taken at the meeting's conclusion except to announce that at the next meeting (October 28, 2004, at 10:00 a.m. in Richmond) the Subcommittee will attempt to develop criteria to determine when a tax preference is warranted or valid. Chairman Drake invited any interested parties who have suggestions regarding such criteria to submit them to Joan Putney or David Rosenberg at the Division of Legislative Services.

### **Public Hearing**

Following Chairman Drake's opening remarks, the Public Hearing was held, with presentations made by the following:

1. Dr. Donald Messmer, *Virginia Hospitality and Travel Association*
2. W. E. Roberts, President, *Yellow Cab Services of Roanoke, Inc.*
3. Peter Easter, *Broadcasters Association & Coalition of Virginians Opposed to Taxing Services*
4. Donna Pugh Johnson, President, *Virginia Agribusiness Council*
5. Martha Moore, *Virginia Farm Bureau*
6. Mary Heinricht, *Agriculture Prospects*
7. Randolph Beales, Esquire, *National Association of Theater Owners of Virginia*
8. Bob Ramsey, *Printing Industries of Virginia*
9. Martika Parson, Claim Attorney/Legislative Liaison, *State Farm Insurance Company*
10. Ginger Stanley, *Virginia Press Association*
11. Peter McDonough, Past President, *Virginia Golf Course Superintendents' Association*

12. Bernard L. McNamee, *Commonwealth Public Broadcasting & Virginia Society of Certified Public Accountants*
13. David White, Administrator, *Hampton Roads Maritime Association*
14. James R. Kiebler, Jr., *Virginia Oil and Gas Association*
15. Nikki Rovner, *The Nature Conservancy*

### **Presentation by the Department of Taxation**

Janie Bowen from the Department of Taxation made a brief presentation on the nature of tax preferences in general. She stated that, as opposed to appropriations, tax preferences tend to "fly beneath the radar" and in effect become top spending priorities without evaluation. She also said that tax preferences may distort market decisions and generally make the administration of taxes much more complicated for the taxpayer as well as for the Department of Taxation. Ms. Bowen concluded by saying that one question that legislators might ask themselves when considering a tax preference, is whether they would be willing to provide the equivalent amount of benefit to the taxpayer as an appropriation.

### **Next meeting**

The next meeting of the subcommittee will be October 28th at 10:00 a.m. in Richmond. At that time the Subcommittee will attempt to develop criteria to determine when a tax preference is warranted or valid.